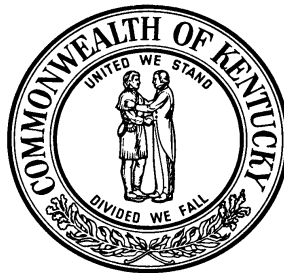


**REPORT OF THE AUDIT OF THE  
FORMER ANDERSON COUNTY  
CLERK**

**For The Period  
January 1, 2008 Through June 2, 2008**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**105 SEA HERO ROAD, SUITE 2  
FRANKFORT, KY 40601-5404  
TELEPHONE (502) 573-0050  
FACSIMILE (502) 573-0067**



**EXECUTIVE SUMMARY**  
**AUDIT EXAMINATION OF THE**  
**FORMER ANDERSON COUNTY CLERK**  
**Harold Ritchey**

**For The Period**  
**January 1, 2008 Through June 2, 2008**

The Auditor of Public Accounts has completed the former Anderson County Clerk's audit for the period January 1, 2008 through June 2, 2008. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

**Financial Condition:**

Excess fees increased by \$6,329 from the prior year, resulting in excess fees of \$102,851 as of June 2, 2008.

**Debt Obligations:**

Lease principal agreements totaled \$2,445 as of June 2, 2008.

**Deposits:**

The former County Clerk's deposits were insured and collateralized by bank securities.



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS .....	3
NOTES TO FINANCIAL STATEMENT.....	6
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11





C R I T L U A L L E N  
A U D I T O R O F P U B L I C A C C O U N T S

The Honorable Steve Cornish, Anderson County Judge/Executive  
The Honorable Edith Hanks, Anderson County Clerk  
Members of the Anderson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the former County Clerk of Anderson County, Kentucky, for the period January 1, 2008 through June 2, 2008. This financial statement is the responsibility of the former County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the former County Clerk for the period January 1, 2008 through June 2, 2008, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 4, 2008 on our consideration of the former Anderson County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Steve Cornish, Anderson County Judge/Executive  
The Honorable Edith Hanks, Anderson County Clerk  
Members of the Anderson County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Anderson County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

September 4, 2008



ANDERSON COUNTY  
HAROLD RITCHEY, FORMER COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Period January 1, 2008 Through June 2, 2008

Revenues

State Grants	\$	71,353
--------------	----	--------

Fiscal Court		2,486
--------------	--	-------

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	425,941
------------------------	----	---------

Usage Tax		588,694
-----------	--	---------

Tangible Personal Property Tax		946,127
--------------------------------	--	---------

Other-

Fish and Game Licenses		4,501
------------------------	--	-------

Marriage Licenses		2,095
-------------------	--	-------

Occupational Licenses		5,937
-----------------------	--	-------

Describe		14,988
----------	--	--------

Deed Transfer Tax		26,617
-------------------	--	--------

Delinquent Tax		403,357
		2,418,257

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts		4,963
---------------------------------	--	-------

Real Estate Mortgages		18,779
-----------------------	--	--------

Chattel Mortgages and Financing Statements		22,438
--	--	--------

Powers of Attorney		595
--------------------	--	-----

All Other Recordings		13,252
----------------------	--	--------

Charges for Other Services-

Candidate Filing Fees		275
-----------------------	--	-----

Clerk Liens		10,204
-------------	--	--------

Copywork		3,665
		74,171

Other:

Title Applications		4,371
--------------------	--	-------

Postage		402
---------	--	-----

Refunds and Overpayments		422,899
		427,672

Interest Earned		402
		402

Total Revenues		2,994,341
----------------	--	-----------

The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY  
HAROLD RITCHEY, FORMER COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
For The Period January 1, 2008 Through June 2, 2008  
(Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$	299,395	
Usage Tax		571,021	
Tangible Personal Property Tax		353,375	
Licenses, Taxes, and Fees-			
Fish and Game Licenses		4,122	
Delinquent Tax		42,831	
Legal Process Tax		8,487	
Affordable Housing Trust		14,988	\$ 1,294,219

Payments to Fiscal Court:

Tangible Personal Property Tax	88,807	
Delinquent Tax	40,464	
Deed Transfer Tax	25,287	
Occupational Licenses	5,640	160,198

Payments to Other Districts:

Tangible Personal Property Tax	466,076	
Delinquent Tax	225,254	691,330

Payments to Sheriff 1,714

Payments to County Attorney 59,610

Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries 126,311

Employee Benefits-

Employer's Share Social Security 11,981

Employer's Share Retirement 27,040

Employer's Paid Health Insurance 21,280

Other Payroll Expenditures 2,282

Contracted Services-

Printing and Binding 16,303

The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY  
HAROLD RITCHEY, FORMER COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
For The Period January 1, 2008 Through June 2, 2008  
(Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Other Charges-			
Office Supplies	\$	3,114	
Conventions and Travel		119	
Dues		650	
Postage		8	
Cell Phone		228	
Maintenance and Repairs		18	
Reimbursements		422,886	
Uncollectible NSF Check		100	
Miscellaneous		308	
Capital Outlay-			
Office Equipment		10,000	\$ 642,628
Total Expenditures			\$ 2,849,699
Net Revenues			144,642
Less: Statutory Maximum			36,604
Excess Fees			108,038
Less: Expense Allowance		1,662	
Training Incentive Benefit		3,525	5,187
Excess Fees Due County For The Period January 1, 2008 Through June 2, 2008			102,851
Payment to Fiscal Court - August 19, 2008			102,851
Balance Due Fiscal Court at Completion of Audit			\$ 0

The accompanying notes are an integral part of this financial statement.

ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENT

For The Period January 1, 2008 Through June 2, 2008

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for services
- Reimbursements for activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENT  
For The Period January 1, 2008 Through June 2, 2008  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.17 percent for the period January 1, 2008 through June 2, 2008.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The former Anderson County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The former Anderson County Clerk did not have a deposit policy for custodial credit risk but rather followed the requirements of KRS 41.240(4). As of June 2, 2008, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

ANDERSON COUNTY  
NOTES TO FINANCIAL STATEMENT  
For The Period January 1, 2008 Through June 2, 2008  
(Continued)

Note 4. Grant

The former Anderson County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$11,382. On January 1, 2008, the balance of this account was \$10,737. The account earned \$6 in interest. Funds totaling \$10,743 were expended during the audit period. The unexpended grant balance was \$0 as of June 2, 2008.

Note 5. Leases

The former Anderson County Clerk's office was committed to the following lease agreements as of June 2, 2008:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance June 2, 2008
Postage Meter	\$ 25	24 Months	12/8/09	\$ 475
Software	800	12 Months	6/30/08	800
Hardware	1,170	12 Months	6/30/08	<u>1,170</u>
Total				<u><u>\$ 2,445</u></u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Steve Cornish, Anderson County Judge/Executive  
The Honorable Edith Hanks, Anderson County Clerk  
Members of the Anderson County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the former Anderson County Clerk for the period January 1, 2008 through June 2, 2008, and have issued our report thereon dated September 4, 2008. The former County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the former Anderson County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the former County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the former County Clerk's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the former Anderson County Clerk's financial statement for the period January 1, 2008 through June 2, 2008, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Anderson County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

September 4, 2008

